


DEBT MANAGEMENT

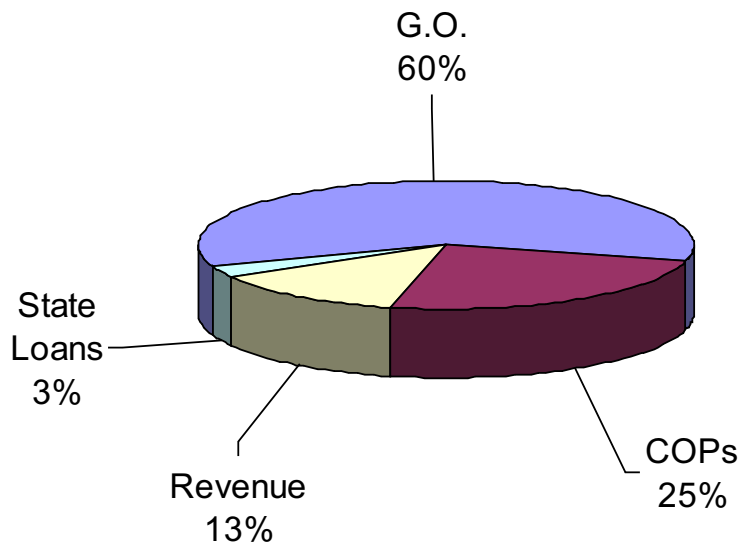
The City manages its long term financing needs through periodic issuance of General Obligation Bonds. Debt service expenditures include principal and interest payments on the City's outstanding bonded debt. These payments are budgeted in the funds that incur the debt: for example, water and sewer debt service is paid from the Water and Sewer Fund. In addition to General Obligation bonds, the City issues Revenue bonds and enters into installment sales/lease obligations as allowed under State Statutes.

Ratings: Bond ratings are measures of the City's credit worthiness. The rating agencies analyze the City's economic condition, debt management, administrative leadership and fiscal planning and management to determine the quality of the City's credit. The City has a "triple A" rating from all three rating agencies (Standard and Poor's, Fitch IBCA and Moody's Investor Service). This represents the highest possible rating for municipal debt, indicating that the City has outstanding credit worthiness. The City's high bond ratings have allowed it to broaden the market for its bonds and to lower the interest cost of borrowing.

Summary of Outstanding Debt Issues

	Fiscal Year 2005-06 Obligations			Future Obligations		
	Principal	Interest	Total	Principal	Interest	Total
General Obligation Bonds	16,255,000	9,923,621	26,178,621	177,270,000	58,315,863	235,585,863
Certificates of Participation	6,500,350	3,982,715	10,483,065	73,176,650	29,552,148	102,543,298
Revenue Bonds	2,260,000	2,121,915	4,381,915	39,800,000	15,357,451	55,157,451
Other Obligations	885,000	315,617	1,200,617	8,160,000	1,525,931	9,685,931
Total Debt Service:	25,900,350	16,343,868	42,244,218	298,406,650	104,751,393	402,972,543

Outstanding Debt by Type of Issue FY 2005-06



Legal Debt Limit

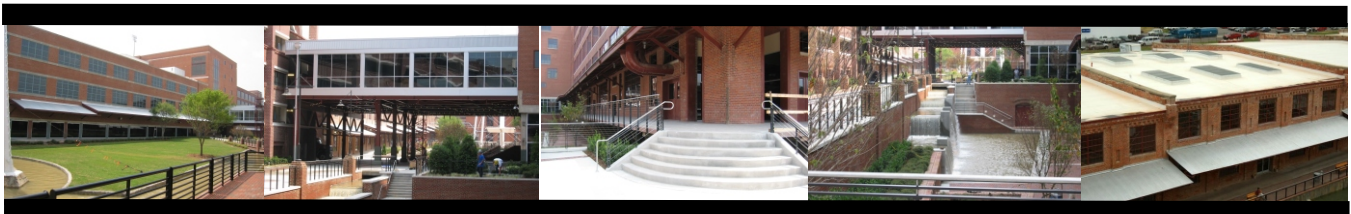
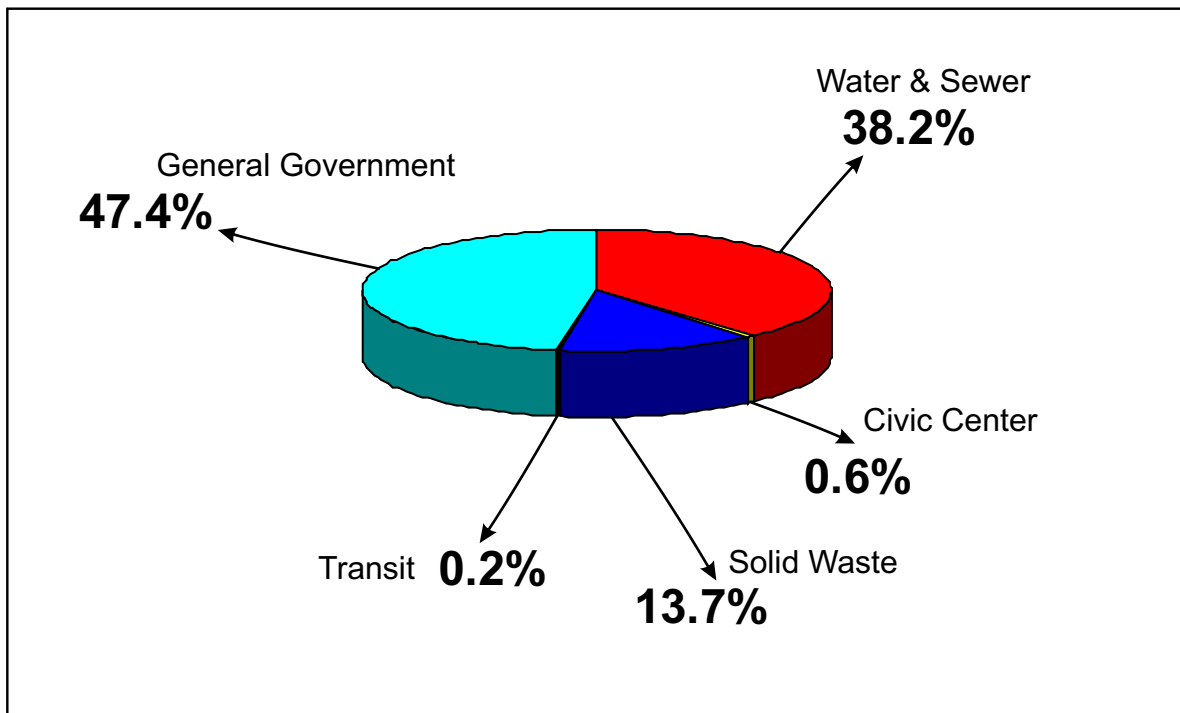
The City is subject to the Local Government Bond Act. The Act limits the net bonded debt that the City may have outstanding to eight percent of the appraised value of property subject to taxation. As of January 1, 2005 the statutory limit for General Obligation debt for the City was \$1,226,518,366. With \$312,091,617 of outstanding General Obligation debt projected for June 30, 2005 the City's remaining debt capacity is approximately \$914,426,749.

Outstanding General Obligation Debt

General Obligations

Water & Sewer	\$73,926,582
Civic Center	1,110,123
Solid Waste	26,544,652
Transit	307,910
General Government	91,635,733
Total	\$193,525,000

Outstanding General Obligation Debt FY 2005-06



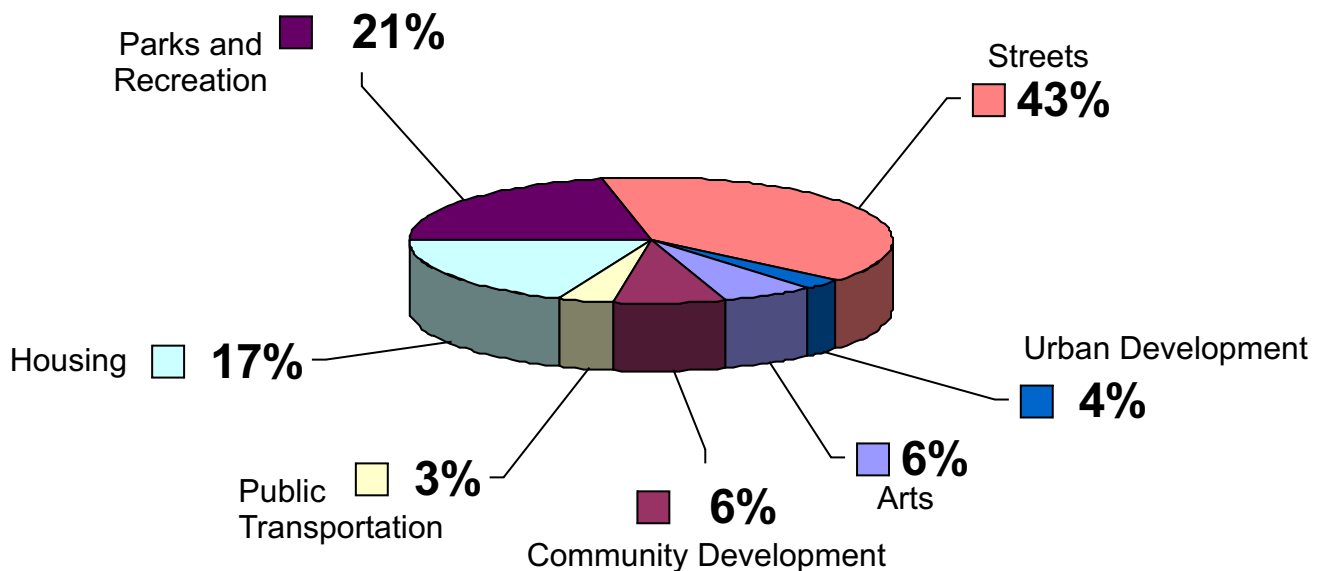
Outstanding General Government General Obligation Debt

General Obligations

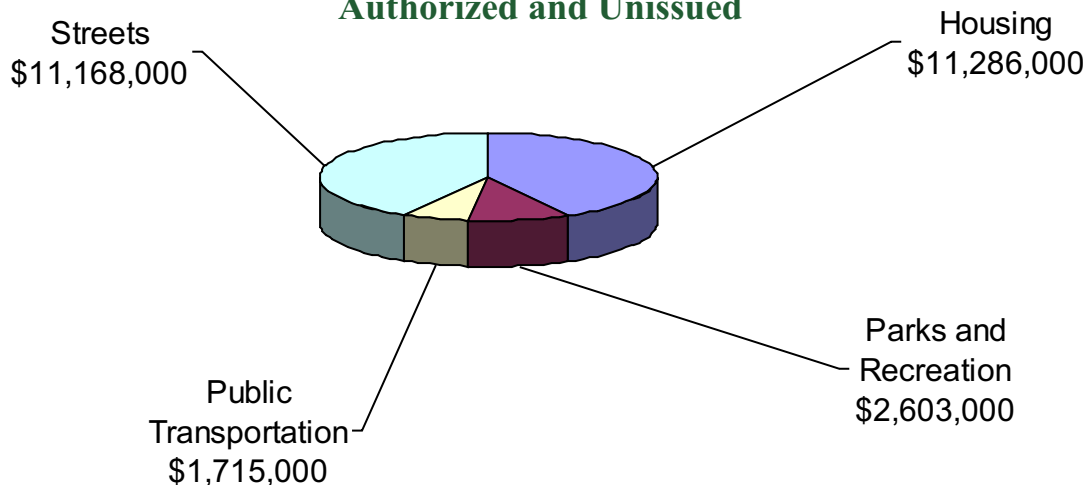
Arts	\$5,247,296
Community Development	6,552,818
Housing	15,923,895
Parks and Recreation	19,037,046
Public Transportation	3,050,545
Streets	39,989,368
Urban Development	2,334,770
Total	\$91,635,733



Outstanding General Government G.O. Debt



General Obligation Bonds Authorized and Unissued



Annual Principal and Interest Requirements FY 2005-06

Issue		Outstanding	Principal	Interest
DURHAM-1993-B	Public Improvement	6,975,000	2,175,000	356,025
DURHAM-1993-C	Variable Public Improvement	15,365,000		798,980
DURHAM-1993-CPA	COPs Variable Risk	3,000,000	1,000,000	130,000
DURHAM-1994-B	Variable W&S Revenue Bonds	10,500,000	700,000	609,000
DURHAM-1994-C	State Loan	6,750,000	750,000	249,750
DURHAM-1995-CPA	800 MHz Radio System	1,595,000	120,000	89,935
DURHAM-1996-A	Public Improvement	12,530,000	385,000	623,788
DURHAM-1996-B	Variable G.O. Housing Bonds	2,495,000	665,000	162,175
DURHAM-1996-CPA	COP Building aquisition costs	1,655,000	240,000	79,718
DURHAM-1996-CPB	COP Lease Purchase refunding	3,150,000	390,000	153,318
DURHAM-1997-A	Public Improvement	4,590,000	325,000	240,173
DURHAM-1997-CAB	COP Series 97 A, 97 B Fire Equip	4,760,000	300,000	249,415
DURHAM-1998-A	General Obligation	11,900,000	950,000	555,500
DURHAM-1998-CPA	Refunding COPs	6,340,000	685,000	256,090
DURHAM-1998-W&S	Water & Sewer Utility System	12,530,000	720,000	607,273
DURHAM-1999-A	General Obligation	23,255,000	1,000,000	1,087,150
DURHAM-2000-A	Public Improvement	11,435,000	750,000	620,425
DURHAM-2000-B	Public Improvement	13,710,000	800,000	688,500
DURHAM-2000-C	Variable Housing Bonds	7,000,000	250,000	525,000
DURHAM-2001-A	Revenue Water and Sewer	19,030,000	840,000	905,643
DURHAM-2001-B	State Loan	2,295,000	135,000	65,867
DURHAM-2001-CPA	COPs Facilities, Vehicles, Refunding	16,705,000	1,770,000	824,470
DURHAM-2002-A	Public Improvement	22,910,000	1,000,000	1,024,250
DURHAM-2003	Refunding	32,885,000	6,370,000	1,644,250
DURHAM-CPA	American Tobacco	12,755,000	705,000	713,919
DURHAM-2004A	Refunding	18,475,000	1,085,000	651,906
DURHAM-2004B	Two-thirds Bonds	10,000,000		445,500
DURHAM-2005-CPA	Multi-Purpose	29,717,000	1,790,350	1,985,848
Total		324,307,000	25,900,350	16,343,868

